

**OHIO BOARD OF TAX APPEALS
BUDGET REQUEST FOR FISCAL YEARS 2012-2013**

**TESTIMONY FOR PRESENTATION TO THE
SENATE FINANCE COMMITTEE**

**MAY 16, 2011
9:00 AM**

**PAMELA L. MARGULIES
CHAIRPERSON**

**MICHAEL J. JOHRENDT
VICE CHAIRPERSON**

**VACANCY
MEMBER**

BACKGROUND

The Board of Tax Appeals (BTA) is Ohio's administrative tax court, composed of three (3) members appointed by the governor with the advice and consent of the Ohio Senate for staggered six-year terms. The board is an independent, quasi-judicial body, a highly specialized tribunal authorized to determine all appeals regarding questions arising under Ohio tax laws, with the exception of estate taxes.

The mission of the board is to provide taxpayers, business entities, and taxing authorities with an accessible, fair, and efficient appeals process for tax disputes, and to resolve appeals in a timely and judicious manner by facilitating settlement or by issuing comprehensive written decisions based upon Ohio statutes, case law, and board precedent.

The BTA as an independent entity reviews state tax disputes and provides an impartial forum to all parties to a case. Parties are assured that their case will be reviewed and considered by board members and a staff of attorney examiners who focus exclusively on tax issues and have considerable expertise in tax matters.

Because of their far-reaching impact, decisions of the BTA may be appealed to the appropriate court of appeals or directly to the Ohio Supreme Court. The BTA is one of three (3) agencies the decisions of which can be appealed directly to the Ohio Supreme Court as a matter of right.

During the current biennium, the budget of the Board of Tax Appeals was reduced by almost 50%. At the beginning of fiscal year 2010, the BTA laid off over 60% of its staff, and we have operated at that same reduced level of permanent staffing for the remainder of the biennium.

At the same time, the board has experienced a considerable increase in its workload. In fiscal year 2009, the BTA received 2,727 new appeals, and at the end of that year had an active caseload of 3,604. In fiscal year 2010, 4,679 appeals were filed, and the active case total was 6,235. Thus, in the first year of this biennium, when we laid off over 60% of our staff, our filings increased 72% and our active caseload increased a corresponding 73%. Because filings have continued at a high rate, at the end of last month we had an active caseload of almost 8,000 cases. Obviously, the end result of these circumstances has been a dramatic increase in the pendency time of cases, which has led to much frustration on the part of taxpayers, taxing authorities, and those that represent them before us.

FISCAL YEARS 2012-2013 BTA HOUSE-PASSED BUDGET

Funding

Governor Kasich's proposed budget increased the funding of the BTA by approximately \$450,000 the first year and \$550,000 the second year, and the House of Representatives maintained that level of funding. Considering the current budget climate, we are very pleased that the governor and the House of Representatives have seen fit to provide additional resources to the BTA.

Because only a small percentage of our decisions are appealed to a court of appeals or to the Ohio Supreme Court, we are in the vast majority of cases the only independent body with statewide jurisdiction before which citizens, businesses, and taxing authorities appear to obtain a fair and impartial conclusion to their tax disputes. We take very seriously our goal of providing service to them as timely as possible, and the additional budget funds will assuredly assist us in meeting this goal. We will also continue to critically analyze our procedures and processes to further our productivity and effective use of resources.

We urge you as members of the Senate Finance Committee to retain the budget level for the BTA as passed by the House of Representatives.

Operational Changes

Given our situation during this biennium, we have undertaken considerable operational changes in order to continue to perform our statutory responsibilities. Along with the excellent and efficient work of our staff, those changes enabled us to issue more final case decisions in fiscal year 2010 than in fiscal year 2009, and we are ahead of last year's number currently. We were also able to provide access to our online case management system to the public, including the parties to pending cases, a very popular enhancement that has resulted in a substantial decrease in the number of telephone calls we receive. In addition, we will be taking advantage of the shared services offered by the state of Ohio in meeting our information technology needs through the State of Ohio Computer Center (SOCC).

It has been the board's intention to spend most of any additional funding to hire staff, primarily attorney examiners, who could assist the board in providing a more timely disposition of pending cases. The budget language includes a Tax Commissioner study of the operations of the BTA and a report with recommendations for changes due no later than November 15, 2011. While we welcome ongoing analysis of, discussion about, and suggestions for improvement of our operations, we will use our best judgment to determine what course of action is the best utilization of those additional funds in the interim.

Thank you for the opportunity to testify on behalf of the Board of Tax Appeals. We look forward to working with you in the coming weeks.